

## Message Text

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S E C R E T AMMAN 1241

EXDIS

FOR SECRETARY FROM AMBASSADOR

E.O. 11652: GDS

TAGS: EAID, MASS, US, JO

SUBJ: JORDANIAN REQUEST FOR PL-480 AND \$10 MILLION IN SA

1. IN VIEW OF YOUR STATEMENT AT AQABA TO RIFAI THAT YOU WOULD TAKE ANOTHER LOOK AT THE PROBLEM OF PROVIDING JORDAN ADDITIONAL WHEAT AND OF MEETING OUR MORAL COMMITMENT ON FUNDING \$10 MILLION IN ADDITIONAL SUPPORTING ASSISTANCE, WE HAVE REVIEWED THE QUESTION AS SEEN FROM HERE. WE HAVE SEVERAL THOUGHTS AND SUGGESTIONS ON THE PROBLEMS.

2. PL-480 WHEAT -- JORDAN HAS ASKED AT VARIOUS TIMES FOR FROM 60,000-100,000 METRIC TONS OF WHEAT DURING US FY-1975. JORDANIAN AGRICULTURAL PRODUCTION FIGURES ARE AT BEST DIFFICULT TO ASSESS AND HARDER TO VERIFY. WHEAT DOES PLAY AN IMPORTANT ROLE IN THE LOCAL DIET; RIFAI JUDGES THE CONSEQUENCES OF A FAILURE BY HIS GOVERNMENT TO PROVIDE ADEQUATE WHEAT AS EXTREMELY SERIOUS IN TERMS OF POLITICAL STABILITY AND INTERNAL SECURITY. WE JUDGE THAT SUCH A FAILURE WOULD PROBABLY PUT HIM PERSONALLY UNDER SERIOUS PRESSURE. BEFORE LETTING SITUATION SLIP TO THAT POINT, HE WILL DIVERT BUDGET FUNDS FROM SUCH AREAS AS ECONOMIC DEVELOPMENT PROJECTS TO WHEAT PURCHASES.

3. RIFAI IS AWARE THAT THE PROBLEM FOR JORDAN PROBABLY IS NOT RELATED TO US SUPPLY LIMITATIONS, (JORDANIANS ARE AWARE

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OF NEWS REPORTS WHICH ARE OPTIMISTIC ON PRESENT US SUPPLY

PICTURE) BUT RATHER THE FACT THAT BY NEW LAW NO MORE THAN 30 PERCENT OF THE WHEAT AVAILABLE CAN GO TO COUNTRIES NOT ON THE UN'S "HARDEST HIT" LIST. HE WILL UNDERSTAND THE CASE IF I AM INSTRUCTED TO TELL HIM THAT MOST OF THAT 30 PERCENT IS GOING TO VIETNAM AND CAMBODIA. WE HAVE SOMETHING OF A PROBLEM WITH EGYPT HOWEVER AND MORE WITH SYRIA. HE WILL FIND IT DIFFICULT TO TAKE THAT SYRIA, WHICH TRADITIONALLY EXPORTS WHEAT TO JORDAN, SHOULD THIS YEAR GET SO MUCH MORE FROM THE US, AND PARTICULARLY WHEN THE SAUDIS AND OTHERS HAVE BEEN SO GENEROUS WITH SYRIA AND EGYPT THAT BOTH CAN MAKE UP SHORTFALLS WITH PURCHASES. EGYPT IS LESS DIFFICULT AS HE UNDERSTANDS THE ENORMOUS INTERNAL PRESSURES ON SADAT FROM A DETERIORATING FOOD SITUATION.

4. WE BELIEVE THERE ARE THREE POSSIBLE CHOICES:

(A) TELL RIFAI THAT NO MORE WHEAT IS AVAILABLE BEYOND OUR ADDITIONAL 10,000 MT NOW. EXPLAIN THE 30 PERCENT LAW AND MAKE THE BEST POSSIBLE CASE IN TERMS OF OTHER RECIPIENTS OF "NON-HUMANITARIAN" WHEAT, PARTICULARLY AMONG HIS ARAB NEIGHBORS. COMBINE THIS BAD NEWS WITH SOME REASONABLY GOOD NEWS (SEE BELOW) ON THE \$10 MILLION IN SUPPORTING ASSISTANCE.

(B) PROVIDE, IF AT ALL POSSIBLE 20,000 MT ASKED FOR, BUT MAKE IT CLEAR THAT SUCH AMOUNT IS ALL WE CAN CONSIDER FOR THE FISCAL YEAR AND POSSIBLY UNTIL SOME TIME AFTER NEW CROP COMES IN IN MID-LATE SUMMER, 1975.

(C) PROVIDE 20,000 MT ASKED FOR, BUT DO NOT RESTRICT A PRIORI WHAT WE MIGHT DO IN LAST QUARTER OF US FY 1975 (APRIL-JUNE 1975) WHEN JORDANIANS WILL CERTAINLY ASK FOR MORE WHEAT.

5. WE WOULD FAVOR SOMETHING ALONG LINES OF (B) ABOVE IF IT WERE POSSIBLE. WE CAN CERTAINLY LIVE WITH (A) IF SUCH WERE ABSOLUTELY REQUIRED, BUT RIFAI SHOULD BE TOLD SOON SO THAT HE CAN MAKE NECESSARY PLANS.

6. ON ADDITIONAL BUDGET SUPPORT OF \$10 MILLION, WE BELIEVE THAT IF WE HAVE A MORAL COMMITMENT THERE ARE PROBABLY ONLY  
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TWO WAYS TO MEET IT: (A) PROVIDE FUNDS THIS FISCAL YEAR, PROBABLY FROM MIDDLE EAST SPECIAL REQUIREMENTS FUND OF (B) ADD ON AN ADDITIONAL \$10 MILLION TO BUDGET SUPPORT REQUEST FOR FY1976. WE UNDERSTAND OMB HAS REJECTED THIS LATTER APPROACH.

7. WE BELIEVE THAT IF, AS SEEMS POSSIBLE, THERE ARE NOT DEVELOPED A SUFFICIENT NUMBER OF PROJECTS TO ABSORB THE MIDDLE

EAST SPECIAL REQUIREMENTS FUND, JORDAN AND OUR \$10 MILLION PROBLEM SHOULD BE CONSIDERED FOR FUNDING FROM IT. WE WOULD NOT RECOMMEND PROVIDING THE FUNDS AS A STRAIGHT GRANT TO THE BUDGET. RATHER, WE THINK THAT EARMARKING THE \$10 MILLION FOR A DEVELOPMENT PROJECT SUCH AS THE MAQARIN DAM WOULD BE PREFERABLE. WE HAVE ALREADY TOLD THE JORDANIANS THE US WOULD TAKE A LEADING ROLE IN THE PRE-FEASIBILITY STUDIES OF MAQARIN. SYRIA APPARENTLY HAS AGREED TO SUPPORT THIS PROJECT WHICH SPANS THE TWO COUNTRIES. ADDITIONAL BUDGET SUPPORT MIGHT RAISE QUESTIONS ON THE HILL; EARMARKING THE FUNDS NOW FOR MAQARIN DOES NOT MEAN THEY HAVE TO BE SPENT THERE IF THE PROJECT DOES NOT WORK OUT, BUT THEY ARE AN ADDITIONAL EARN-EST OF OUR DESIRE TO SEE PROJECT MOVE IN A POSITIVE DIRECTION. SINCE THE REQUIREMENTS FUND IS SA MONEY WE PRESUME OBLIGATION OF FUNDS FOR THIS EARMARKING COULD BE DONE IN ADVANCE OF FULL FLEDGED FEASIBILITY STUDIES AND MEETING STANDARD DL CRITERIA, AND BE MADE SUBJECT TO THE COMPLETION OF SUCH. WHILE ALL OF THE FEASIBILITY STUDIES NEED TO BE UPDATED BEFORE DECISIONS ARE MADE, IT IS CLEAR THAT THE MAQARIN DAM IS THE ONLY REAL SOURCE OF ADDITIONAL WATER REQUIRED TO COMPLETE THE IRRIGATION OF THE EAST JORDAN VALLEY, A PROJECT WE HAVE LONG SUPPORTED AND FAVORED. FINALLY, PROJECT-RELATED AID, AS OPPOSED TO BUDGET SUPPORT (PARTICULARLY A RISE IN FY 1976 REQUESTS TO THE CONGRESS) WILL NOT ESTABLISH A NEW BUDGET SUPPORT FLOOR TO WHICH JORDANIANS WILL BECOME INSTANTLY MARRIED FOR NOW AND ALL FUTURE YEARS. WE DO NOT KNOW WHAT PROBLEMS THIS APPROACH MIGHT CAUSE IN WASHINGTON. IT WILL NOT BE A HOWLING SUCCESS WITH RIFAI WHO WANTS FREELY USEABLE GRANT FUNDS, BUT IT WILL HELP TO PUSH ECONOMIC DEVELOPMENT AND SELF-SUFFICIENCY AND GIVE A NEEDED BOOST TO THE ECONOMIC DEVELOPERS IN THIS COUNTRY (LED BY CROWN PRINCE HASSAN).

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8. WE CLARILY FAVOR EARMARKING FUNDS AS OUTLINED ABOVE RATHER THAN AN ADD-ON TO FY1976 BUDGET SUPPORT REQUEST. IF THE LATTER WERE TO BE DONE, HOWEVER, THE FUNDS MIGHT BEST BE SEGREGATED (POSSIBLY BY THE LEGISLATIVE HISTORY OF THE REQUEST) FOR DEVELOPMENT PURPOSES. WE BELIEVE THE EARMARKING SHOULD BE COMBINED, IF AT ALL POSSIBLE, WITH OPTION 4(B) ABOVE ON PL-480.  
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